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THE PRIMARY IRON AND STEEL INDUSTRY IN ONTARIO

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Ministry of Treasury and Economics

June, 1979

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SUMMARY

- By most indices, the Ontario steel industry in 1978 had its best year since 1974. Shipments by the "Big Three" integrated producers grew by 10 per cent while dollar sales rose by 23 per cent. Earnings per common share reached record levels at Dofasco and Algoma and also performed well at Stelco. Only at Algoma, however, did return on capital invested exceed the average of the past ten years.

- This strong performance was based largely on export sales by the steel industry and its customers, mainly to the U.S. Contributing factors to this export boom were: the fourth successive year of growth in the U.S., the relative efficiency of Ontario producers, the cheap Canadian dollar and effective anti-dumping measures imposed by the U.S. in the spring of 1978 to exclude cut-price steel from Europe and Asia.

- Due to capacity constraints and lower inventories, quantities of steel shipped in 1979 cannot be expected to maintain their 1978 growth rates. However, rising prices and variation of product mix will contribute to continued strong growth in dollar sales and profits.

- For the end of 1979 and into 1980, the industry's prime concerns are the possibility of a U.S. recession and of further delays in the Alaska pipeline.

- In the long term, the Ontario steel industry is in a strong position to benefit from a likely future shortage of steel in the U.S. as obsolete plants in that country are shut down.

I. THE ONTARIO PRIMARY IRON AND STEEL INDUSTRY

In 1976, Iron and Steel (SIC 291) ranked second behind Motor Vehicle manufacturers among Ontario's manufacturing industries in terms of shipments of goods. Iron and steel producers during the year shipped $2.9 billion worth of goods and employed slightly more than 40,000 people.[1]

There are three integrated and four non-integrated steel producers in Ontario.[2] The former produce molten iron from iron ore, coke and limestone, convert it into crude steel and then roll the crude steel into finished or semi-finished shapes. They have considerable ownership interests in raw material supply sources both in Canada and the U.S. Non-integrated producers use electric arc furnaces (or mini-mills), fed by scrap metal, to produce steel, since these furnaces are economical at a much lower level of output than the basic oxygen furnaces. Because of the small size of the non-integrated producers, this report concentrates on the three integrated producers -- Stelco and Dofasco in Hamilton and Algoma in Sault Ste. Marie -- who between them control over 90 per cent of Ontario's steel producing capacity.

The Ontario steel industry, which represents over 80 per cent of Canadian steel-making capacity, is oriented heavily to the domestic market. Even in 1977 and 1978, when

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1. The "primary" iron and steel industry consists of steel mills which produce steel and roll it into primary mill shapes. This definition falls within S.I.C. 291 but does not include the steel foundries, ferro-alloy plants, foundry iron plants or the re-rollers of steel, which are included in S.I.C. 291. As steel mills account for approximately 90 per cent of the total value of shipments of S.I.C. 291, the above figures give a good idea of the importance of Primary Iron and Steel in the Ontario economy.

2. The integrated producers are Stelco and Dofasco in Hamilton, and Algoma in Sault Ste. Marie. Non-integrated producers are: Slater Steel of Burlington, Atlas Steels of Welland, Lake Ontario Steel (LASCO) of Whitby and Ivaco, whose head office is in Marieville, Quebec, but whose steel producing facilities are at L'Orignal, Ontario.

foreign markets (especially the U.S.) offered significant opportunities for expansion, the share of Canadian production directly exported did not greatly exceed 15 per cent (although a considerably higher percentage of Canadian steel made its way to foreign markets via steel warehouses or as finished products. See below, page 13). This is because Canadian producers have historically increased their capacity in line with growth in domestic demand. In periods of heavy demand they give preference to regular customers, the majority of whom are in Canada.

The major products of the Ontario steel industry are steel plate, hot rolled sheet and strip, and cold reduced sheet and strip. Together, these three made up 53 per cent of total Canadian domestic shipments of steel in 1978.[1] Steel plate is used primarily for the making of pipe and tube and also in the construction industry. Hot-rolled sheet and strip are used primarily in the automobile industry and in the manufacture of pipes and tubes. Cold-reduced steel is sold mainly to the container industry.

Over the past twenty years, the growth rates in Canadian demand for different steel products have varied considerably, as shown in Table 1.

ANNUAL CONSUMPTION GROWTH RATES
FOR VARIOUS STEEL PRODUCTS, CANADA, 1956-1975 — Table 1

Product	Per Cent Per Annum
Heavy Structurals	2.6
Light Structurals	3.8
Bars	5.0
Rails	-1.0
Hot Rolled Sheet	11.0
Plate	5.8
Galvanized Sheet	8.3
Other Cold-Rolled Sheet	6.0

Source: Primary Iron and Steel Profile, (Department of Industry, Trade and Commerce, Ottawa, 1978). Henceforth referred to as IT&C Sector Profile.

1. Primary Iron and Steel, Statistics Canada, Cat. No. 41-001, December 1978, Table 11.

The rapid growth rate in consumption of hot-rolled sheet reflects the effects of the auto-pact which provided a major boost for the steel industry in Ontario. Table 2 shows growth in sales and shipments of the Big Three over the last ten years.

THE BIG THREE ONTARIO STEEL PRODUCERS,
SALES AND SHIPMENTS,[1] 1969-1978

Table 2

	ALGOMA		DOFASCO		STELCO		TOTAL	
	Sales	Shipments	Sales	Shipments	Sales	Shipments	Sales	Shipments
1969	183.1	1,256	332.6	1,815	528.0	2,906	1,043.7	5,977
1970	257.4	1,760	331.7	1,787	663.2	3,517	1,252.3	7,064
1971	271.8	1,700	380.7	1,811	730.2	3,689	1,382.7	7,200
1972	310.0	1,753	443.8	2,175	775.9	3,797	1,529.7	7,725
1973	376.2	1,946	519.6	2,362	937.7	4,204	1,833.5	8,512
1974	474.1	2,018	681.6	2,455	1,133.2	4,078	2,288.9	8,551
1975	541.5	1,968	738.1	2,348	1,201.8	3,706	2,481.4	8,022
1976	584.8	2,036	905.0	2,652	1,359.8	4,028	2,849.6	8,716
1977	687.8	2,201	919.0	2,596	1,444.1	3,995	3,050.9	8,792
1978	864.2	2,456	1,120.4	2,763	1,775.7	4,466	3,760.3	9,685

Source: Company Reports, 1978.

Note: 1. All sales are in millions of dollars and all shipments in thousands of tons.

II. ISSUES FACING THE INDUSTRY

1. The Alaska Pipeline

The fortunes of the pipeline are of major concern not only to Stelco but also to its two major rivals. While Stelco will be the only Ontario supplier of pipe, spillover demand for steel plate will benefit Algoma, while the large amount of crude steel required for the pipe will open new market opportunities for Dofasco.

The present delays surrounding the pipeline stem from two factors:

(a) The pre-building issue
(b) Marketing difficulties in the U.S.

(a) The federal government is currently under pressure to permit the export to the U.S. of surplus Alberta gas. One of the means suggested for the transportation of this gas is the pre-building of the Alberta section of the pipeline, which would be used to ship gas into the upper mid-Western U.S. Revenue from this project, it is argued, would then facilitate financing of the pipeline as a whole.

The difficulties facing pre-building are, firstly, doubt as to whether the quantity of surplus gas is sufficient to make pre-building viable and, secondly, differences between the U.S. and Canadian governments as to the route for shipments of exports. The Americans insist that any new gas exports from Canada should contribute to the eventual completion of the Alaska pipeline. Thus, they favour pre-building. The government of Canada, however, is concerned by heavy dependence on imported oil in the Maritimes and wants the Canadian pipeline extended eastward from Montreal. Since the volume of gas required to meet Maritime demand would not be sufficient to make this pipeline extension viable, the federal government

wants to use the line to export some Alberta gas to the northeastern U.S. This would obviously reduce the volume available for export through the pre-built section of the Alaska pipeline. It is unlikely that this question will be resolved before the fall of this year.

(b) There is some concern about the marketability of Alaska gas in the U.S., particularly where industrial consumers are concerned. Should the gas come on stream, say, in 1985, utilities which contract to purchase it will average the cost of gas from all sources to come up with a single price. In the early stages, Alaska gas will be considerably more expensive than other domestic gas ($5-$6 in 1985 as against $3). However, as an inducement to potential customers, the pipeline consortium is offering long-term, fixed-price contracts. The attractiveness of this offer from a utility's point of view depends on its view of the future course of energy prices and of the availability of gas from traditional sources. If it foresees rapid and substantial price increases and depletion of existing reserves, the fixed price Alaska gas will appear attractive. If not, the utility may be tempted to adopt a wait-and-see attitude, with a view to switching to coal or oil at a later point. Should this become a widespread trend, private financing may not be sufficient to complete the pipeline. While the U.S. government has, up to this point, rejected the possibility of public assistance, recent events in Iran and the ensuing gasoline shortage in parts of the U.S. may cause the administration to reconsider its position.

2. Capital Investment

(a) Stelco

Stelco plans to commence operation of its new steel-making facility at Nanticoke on the north shore of Lake Erie in August 1980. The new plant will have a capacity of approximately 1.35 million tons of steel per annum and will cost $1.2 billion. Construction of this development

coincided with a marked acceleration in inflation and the resulting financial burden of the project is reflected in the company's long term debt which rose from $103.8 million in 1973 to $501.3 million in 1977, including a 40 per cent jump in 1976. Although there was a slight decline (to $497) in 1978, interest costs alone in that year were $52.5 million. It will be another year before Nanticoke provides any revenue to offset its share of this debt.

Stelco is further burdened by the fact that a hot strip rolling mill, originally planned for the Nanticoke site, has been postponed indefinitely after an initial investment of $100 million. To complete the mill would cost between $300 and $400 million. In the absence of this mill, Stelco will not have sufficient rolling capacity to handle the potential output from the steel-making plant. It was rumoured last year that Stelco was trying to persuade one of its two major rivals to participate in the joint construction of a rolling mill. However, Dofasco's recent announcement of its intention to build its own mill has virtually eliminated the possibility of a joint venture.

Stelco has the largest stake of the Big Three in the completion of the Alaska pipeline. The company's pipe mill in Welland is currently idle. If the pipeline were cancelled or even delayed, the cost of carrying this idle capacity would be a serious blow, especially in view of the $24 million expansion completed during 1978.

(b) Dofasco

During 1978 Dofasco brought on stream one million tons of additional crude steel-making capacity. While the company's blast furnaces are now capable of supporting steelmaking at an annual rate of 4.0 million tons, current hot rolling facilities limit overall plant capacity to the 3.7 million ton range. According to its 1978 Annual Report, Dofasco is now "actively planning" a second hot strip mill. While the

company has not yet set a date for the start-up of construction, it is probable that the contract will be awarded before the end of this year and construction begun shortly thereafter. The mill will cost betwen $300 and $450 million.

(c) Algoma

In terms of its immediate capital requirements, Algoma is probably in a stronger position than either of its two rivals, since it began major modernization of its plant well in advance of either Stelco or Dofasco. Since 1968 the company has installed virtually a new plant alongside the old one at Sault Ste. Marie, including a new blast furnace, basic oxygen furnace and a wide plate mill. Still to come is a continuous slab-casting plant, currently nearing completion and due to start production by mid-1979.

Capital expenditures for 1979 are expected to approximate $100 million. This includes $16 million for the completion of heat treat expansion at the tube division. Algoma manufactures seamless tubes which are used extensively in drilling for oil and natural gas. The high level of exploration activity in the oil and gas industry in western Canada has contributed significantly to demand for Algoma's product. The company also has a considerable export trade to the U.S.

3. International Competition

The urgency of this issue has diminished since 1977-78 when the United States and Canada each took steps to prevent dumping by Asian and European steel producers. These measures have proved highly effective, especially with the reinforcement provided by the declining value of both Canadian and U.S. dollars in relation to the yen.

4. Energy

Approximately 90 per cent of the coking coal used in the Canadian steel industry is imported from the U.S. Wage increases, productivity declines and the energy crisis have

combined to increase the price of coal (f.o.b. mine) from $5.62 per ton in 1969 to $27 per ton in 1976. In addition to higher wage costs, increased strike activity and stricter safety regulations have contributed to productivity declines. Output per man-day fell from 15 tons in 1969 to 8.6 tons in 1976. Last year's U.S. coal strike resulted in an estimated rise in overall labour costs of 39 per cent. In addition, the final settlement imposed no curbs on the wildcat strikes which have traditionally plagued the industry.

Given the high percentage of their coal requirements that are imported, the fluctuating value of the Canadian dollar is obviously of some concern to the steel companies. However, this difficulty is mitigated by the fact that the companies, particularly Stelco and Algoma, have ownership interests in U.S. mines. Stelco, in fact, obtains up to 50 per cent of its coal requirements from such mines which, in spite of declining productivity and wildcat strikes, have traditionally shown a profit.

The ongoing energy crisis in the U.S. poses a threat to the long term security of Canadian companies' coal supplies. As oil becomes more expensive, American consumers will switch to coal in increasing numbers. Since 1974, the U.S. steel industry has lobbied the administration to impose restrictions on exports of metallurgical coal. In view of these threats to its coal supply, the Ontario steel producers have started to use trial quantities of coal from Cape Breton. Stelco is also examining a coal deposit at Elk River in British Columbia. According to the company's 1978 Annual Report, a feasibility study has confirmed that this is an attractive source of coal and development work is continuing.

5. Labour

(a) Background

Three-year wage settlements are the norm in the Canadian steel industry. Negotiations between the United Steel Workers (USW) and the two unionized companies, Algoma and Stelco, are conducted simultaneously but separately. Dofasco, which is non-unionized, matches the Stelco settlement.

Although the U.S.W. is an international union with headquarters in the U.S., American contracts set few patterns for Canadian ones. While wage rates are higher in Canada, the total compensation package is higher in the U.S.

There are several reasons for these differences:

- The fortunes of the industry in the two countries have diverged recently. With a healthier Canadian industry, its employees enjoy a stronger bargaining position.

- In exchange for a generous benefits package, U.S. steelworkers have accepted the Experimental Negotiating Agreement, which includes a ten-year moratorium on strikes. Any attempt by the Canadian union to win similar benefits would provoke demands from the companies for a strike moratorium. The Canadian union is not prepared to accept this.

- Negotiations in the two countries are out of phase -- a three-year contract was negotiated in the U.S. in 1977 while the current Canadian contract was signed in the summer of 1978. Since contracts are characterized by "front-end loading" (increments are concentrated in the first year), direct comparison is complex and unlikely to be employed as a negotiating weapon.

- The Canadian Branch of the U.S.W. is largely independent of headquarters.

(b) Current Position

The current collective agreements between the companies and the steel workers were signed in the summer of 1973. At Stelco, a settlement was reached without a strike, and Dofasco settled on similar terms. At Algoma, however, a 10-day strike preceded the agreement. It is not possible to give a single figure for the percentage wage increases involved; however, it is estimated that the Stelco settlement represented an increase of significantly less than 9 per cent per year over the three year term of the contract.

III. PROSPECTS FOR THE BIG THREE

1. Short-Term Outlook

The current upswing in the Canadian steel industry had lasted 38 months at the end of April. This is not particularly long by historical standards -- the average duration of the five expansions of the past 20 years has been 38 months. However, it is reasonable to expect that the cycle is much closer to the end than to the beginning.

There are a number of factors which will determine the health of the Ontario steel industry during the remainder of this year. These are:

(a) the level of economic activity in North America;
(b) the value of the Canadian dollar.

(a) The Canadian economy is generally expected to grow at a real rate of approximately 3 per cent in 1979, as against 3.4 per cent in 1978. This forecast is based on the assumption that there will be no severe recession in the U.S. during the year. The fortunes of the steel industry are more specifically linked to the automobile industry and, to a lesser extent, the construction industry. The auto industry in the U.S. shows signs of weakening after a strong start to the year. In Canada, however, it continues to perform well. The main cloud on the horizon in both countries is the possibility of a strike in the fall when labour contracts come up for renewal at all "big four" auto manufacturers in the U.S. and Canada. It is generally believed that if a strike takes place, General Motors will be the chosen target.

In construction, residential building in Canada is forecast to show a decline, with commercial construction growing at a modest rate.

On the bright side, business investment in plant and equipment is expected to perform strongly in 1979, with the Conference Board predicting real growth in the region of 6.5 per cent. This is due primarily to rising capacity utilization rates, especially in the manufacturing sector, which have in turn resulted from the falling value of the Canadian dollar.

(b) As seen elsewhere in the paper, the cheap Canadian dollar is something of a mixed blessing to the steel industry. However, it has been a major factor in the overall strength of Canada's manufacturing sector in the past year, and a sudden rise in the dollar's value could weaken steel demand from a number of sources. Most commentators expect the currency to trade in the 86-90 cents (U.S.) range through the year. Such a level would preserve much of the competitive advantage which Canadian exporters enjoyed over American competitors in 1978.

Most steel industry analysts expect demand for steel in Canada to grow by about 5 per cent in 1979. While some expect the quantity of steel shipped to decline, there is virtual unanimity that profits will increase, albeit at a less impressive rate than 1978. The coexistence of improved profitability and sluggish shipments will be due to higher prices and a product mix more oriented toward high-profit items.

The first quarter results of the three major Ontario steel producers show little sign of any slowdown. Shipments were up by an average of 8 per cent in real terms over the first quarter 1978, while profits rose by an average of 48 per cent. Part of the explanation for these impressive figures lies in Dofasco's new production facilities which were not yet in operation in the first quarter of 1978. This facility will also boost Dofasco's second quarter figures.

Beyond 1979 the steel industry could benefit from a possible acceleration in capital investment which is expected by some forecasters to last for up to four years. The construction of the Alaska pipeline which has been subject to persistent delays will, if and when it takes place, provide an important boost to steel demand, especially for Stelco's pipe mill. However, American complaints about the procurement policies for the Canadian section of this pipeline could reduce the size of the contract awarded to Stelco.

During the early part of 1980, Stelco will commence operations at its new Lake Erie plant. This will add approximately 1.35 million tons to the company's annual capacity. Should this coincide with a recession in the U.S., the Northern Pipeline will become increasingly important as a means of maintaining high capacity utilization rates for all three of the major producers, since increased demand for Stelco's steel pipe would have spill-over effects for Dofasco and Algoma.

The vulnerability of the Ontario steel producers to a U.S. recession has been heightened by the high level of exports in the current boom. This is disguised in the official steel statistics which show as exports only steel shipped directly to foreign (mainly U.S.) buyers. A considerable amount of steel, however, is being exported by secondary manufacturers, warehouses and fabricators. With the cheap dollar, exports of auto parts increased significantly in 1978. Steel sold to these manufacturers appears as domestic consumption.

One source close to the steel industry estimates that as much as 35 per cent of Canadian steel production in 1978 was ultimately destined for export. If this is true, the current boom is based on exports which, in the event of a U.S. recession, could dry up rapidly.

2. Long-Term Outlook

From a long term perspective, i.e. for the next five years, the Ontario industry is in a strong position, in spite of the recent tendency towards higher dependency on exports. This is because of the underlying weakness of the U.S. steel industry. With strong demand for steel south of the border, the industry is continuing to operate outdated facilities which, when demand slackens, will almost inevitably be shut down. Cyclical factors being what they are, the economy will probably pick up speed again sometime in the period 1982-84. When it does, the steel industry is likely to experience a shortage of capacity. This will provide significant export opportunities for Ontario's Big Three whose efficiency is such that European and Japanese competition cannot hope to underprice them in the north-east U.S. without resorting to dumping.

IV. CONCLUSION

Due to capacity constraints, it is unlikely that steel production in Ontario in 1979 will grow as rapidly as in 1978. However, higher prices and an improving product mix will probably contribute to strong growth in dollar sales and profits. It seems probable also that the industry will continue to operate at current high capacity utilization, at least until the end of the third quarter of the year. Any slowdown after that point is likely to be gradual. The reasons for this assessment are the lack of any conclusive evidence of an imminent U.S. recession and, secondly, the competitive advantage to Ontario producers of the cheap Canadian dollar. However, should a recession take place, and should there be further delays in the Alaska pipeline, the industry's condition could worsen rapidly in 1980, with Stelco particularly vulnerable.

Beyond 1980, the Ontario steel industry's low costs place it in a strong position to benefit from potential capacity shortfalls in the U.S. While the industry in the U.S. is currently operating at high rates of capacity, history indicates that this situation will end, quite probably within a year. The accompanying fall-off in demand is likely to lead to the closure of a number of antiquated plants in traditional U.S. steel-producing areas. Later, when cyclical factors once more cause the economy to accelerate, steel shortages are likely, and this will provide growing opportunities for Ontario producers.

APPENDIX

APPENDIX I

PROFILES OF ONTARIO STEEL COMPANIES

A. INTEGRATED PRODUCERS

1. Algoma Steel Corporation Limited

(a) Statistical Data 1978:

Crude steel capacity	3.9 million tons p.a.
Crude steel production	3.3 million tons
Sales	$864 million
Employment	13,000 (approx.)

(b) Plants:

Sault Ste. Marie	Crude steel, rolled steel (bars, profiles, rails, structural steel) pipe and tube
Port Colborne	Merchant pig iron
Wawa	Iron ore and pellets

(c) Ownership:

Algoma is controlled by Canadian Pacific Investments which holds 50.5 per cent of the company's shares.

(d) Raw Material Sources:

Algoma is largely self-sufficient in its key raw materials of iron ore, coal and limestone. It obtains about 85 per cent of its iron ore supplies from company-owned or leased properties, including a 100 per cent iron ore division at Wawa. Approximately 100 per cent of its coal supplies are met by Cannelton Industries Inc., a wholly-owned subsidiary with mines in West Virginia.

Almost all of Algoma's limestone requirements come from its operation at Fiborn Limestone Company in Michigan.

2. Dominion Foundries and Steel Limited (Dofasco)

(a) Statistical Data 1978:

Crude steel capacity	4.0 million tons p.a.
Crude steel production	3.6 million tons
Sales	$1,120 million
Employment	12,300

(b) Plants:

Hamilton	Crude steel, rolled steel (sheet strip and plate, triplate, galvanized sheet). There is also a castings foundry.

Kirkland Lake (Adams Mine) and Temagami (Sherman Mine)	Iron ore and pellets

(c) Ownership:

Canadians hold 97 per cent of Dofasco's common shares.

(d) Raw Material Sources:

Dofasco is not as vertically integrated as its two major competitors. The company obtained only 10 per cent of its metallurgical coal from the Itmann Coal Company of West Virginia, in which it has a 9 per cent interest. The remainder of its requirements are purchased from a variety of contract sources.

Dofasco is almost self-sufficient in iron ore and limestone. It obtains about 94 per cent of its iron ore needs from mines in which it is an owner or part owner. Limestone supplies come from Beachvilime Ltd., a wholly-owned subsidiary, based in Beachville, Ontario.

3. Steel Company of Canada Limited (STELCO)

(a) Statistical Data 1978:

Crude steel capacity	5.7 million tons p.a.
Crude steel production	5.5 million tons
Sales	$1,776 million
Employment	23,700

(b) Plants:

Hamilton	Crude steel, rolled steel (bars and profiles, strip and plate, galvanized sheet triplate). Wire and fasteners (nuts, bolts, etc.)
Welland	Pipe and tube
Gananoque	Forgings

(c) Ownership:

Canadian residents hold approximately 97 per cent of the company's convertible shares.

(d) Raw Material Sources:

Stelco is largely self-sufficient in all its raw material requirements, holding substantial interests in iron ore, coal and limestone properties.

Iron Ore: The company obtains virtually all its iron ore from properties in which it has ownership interests. These include mines in Ontario (Griffith Mine in Bruce Lake), Newfoundland and Quebec (Wabush Mines in Wabush and Pointe Noire), Minnesota (Erie Mining Company, Hibbing Taconite Co., Eveleth Expansion Co.) and Michigan (Tildern Iron Ore Co.).

Coal: The company owns metallurgical coal mines in Louisville, Kentucky; Ashford, W. Virginia, and has interests in B.C. (Elk River) and Pennsylvania. Nearly 60 per cent of Stelco's metallurgical coal is obtained from mines in which the company has an ownership interest. Half the remainder is obtained from independent suppliers under annual pricing arrangements. The balance is obtained by spot open-market purchases.

B. NON-INTEGRATED STEEL PRODUCERS

1. Slater Steel Industries Ltd. (Burlington Steel Division)

(a) Statistical Data 1975:

Crude steel capacity	.27 million tons p.a.
Crude steel production	.20 million tons
Sales	$64 million

(b) Plants:

Hamilton	Crude steel, rolled steel (bars, profiles)

(c) Ownership:

SSIL is 50.2 per cent owned by the state-owned British Steel Corporation. SSIL in turn owns a 20.2 per cent share in the Interprovincial Steel Co. of Regina.

2. Atlas Steels

(a) Statistical Data 1976:

Crude steel capacity	0.25 million tons p.a.
Crude steel production	0.15 million tons
Sales	$225 million

(b) Plants:

Welland	Crude steel, rolled steel (common steel bars). Stainless and specialty steels. (Atlas is the largest producer of stainless and specialty steels in Canada).

(c) Ownership:

Atlas Steels is a division of Rio Algom Ltd., which is 59.7 per cent owned by the Rio Tinto Zinc Corporation of London, England. Canadian Pacific Investments also has a 9.9 per cent interest in Rio Algom.

3. Lake Ontario Steel Company Ltd. (LASCO)

(a) Statistical Data:

Crude steel capacity (1978) (This is a privately owned company and only limited information is available).	0.4 million tons p.a.

(b) Plants:

Whitby	Reinforcing bars, light structurals and special quality bars.

(c) In December, the company announced that it was starting work on an $85 million expansion to double capacity to 800,000 tons a year by 1980, creating 300 new jobs.

4. Ivaco Ltd.

(a) Statistical Data 1978:

Crude steel capacity	0.3 million tons p.a.
Crude steel production	0.3 million tons
Sales	$265.9 million

(b) Plants:

L'Orignal (Prescott County)

The company operates a steel mill and a rolling mill which produces wire rod. The capacity of the rolling mill (400,000 tons p.a.) exceeds the company's crude steel-making ability and with this in mind, Ivaco last year signed a 5-year agreement with Sydney Steel Corp. of Nova Scotia calling for delivery of 110,000 to 150,000 tons of crude steel annually.

(c) Further Details:

Ivaco is comprised of 27 manufacturing plants in the U.S. and Canada, most of which are involved in the production of wire and steel fasteners. The group employs approximately 4,000 people at its various locations.

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The Primary iron and
steel industry in Ontario.

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